



Recommendations to States in Modernizing Work Participation Outcomes through Subsidized Employment & Transitional Jobs Programs

Submitting proposals under the Department of Health and Human Services Information Memorandum – Transmittal No. TANF-ACF-IM-2012-03

August 2012

Improving entry and advancement in employment for individuals participating in state Temporary Assistance for Needy Families (TANF) programs is essential to achieving the stated goals of the TANF program. On July 12, 2012 the Administration for Children and Families, Department of Health and Human Services (HHS) released an [Information Memorandum](#) expressing the Secretary's willingness to consider and approve experimental, pilot, or demonstration projects that are likely to assist in achieving the goals of TANF. The intended purpose is to encourage states to consider new, more effective ways to meet the goals of TANF, particularly helping individuals successfully prepare for, find, and retain employment. HHS will only consider approving projects that make changes to the work participation requirements in order to more effectively meet the work goals of TANF.

The [National Transitional Jobs Network](#) (NTJN) encourages states to submit project requests that test changes in the work participation requirements in order to implement or expand subsidized employment and transitional jobs programs to support improvements in preparing for, finding and retaining employment.

BACKGROUND

A number of states have experimented with using TANF funds to develop subsidized employment and Transitional Jobs programs in order to engage individuals facing barriers to employment in real work experience; stabilize individuals and families through earned income; increase on the job work experience; build soft skills; provide a current reference; and offer a stepping stone to unsubsidized employment. During 2009 and 2010, 39 states and the District of Columbia operated subsidized employment programs using funding from the TANF Emergency Fund, a temporary funding stream created as part of the American Recovery and Reinvestment Act of 2009 (ARRA), to place approximately 260,000 low-income parents and youth in subsidized jobs.

Transitional Jobs programs blend wage-paid real work experience, skill development and supportive services with the goal of transitioning individuals that face barriers to employment to work. Research shows that even during very weak labor markets Transitional Jobs programs keep individuals employed and earning a paycheck. Transitional Jobs contributes to lowering recidivism, reducing public benefits receipt, and improving the lives of children. Subsidized employment programs can have positive effects on the health of employers, and the wages that Transitional Jobs workers spend in their local communities have a positive economic ripple

effect in those communities. Finally, research shows that the financial benefits of these programs far outweigh the costs.

Under federal law, a specified proportion of families in each state who are receiving assistance in a TANF or Maintenance of Effort funded program are required to participate in a set of federally defined work activities for a specified minimum number of hours each month. By statute, nine activities can count toward any hours of participation, (“core” activities). Three other “non-core” activities count only when the individual also has completed at least 20 hours per week of core activities. Failure to meet work participation rates results in financial penalties for states.

Participation in subsidized public or private-sector employment is countable under federal regulation as a core activity for meeting a state’s work participation rate.

According to HHS regulation, barrier removal or education activities can be counted as subsidized employment only if the individual is *paid* for these hours as part of the subsidized employment activity. Improving the employability of low-income individuals facing barriers to employment entry, retention and advancement requires approaches that leverage vocational and basic skills education, job search, work readiness and barrier removal activities concurrently and with the appropriate dosage. Under federal regulation these activities count for a limited number of weeks or as a non-core activity in meeting a state’s work participation rate when participants are not paid. As a result, implementing subsidized employment or Transitional Jobs programs or programs that blend a number of countable work activities can result in a complex and dizzying maze of documentation and monitoring in order to meet work participation rates.

For example, states that wish to utilize subsidized employment to provide real work experience and earned income to individuals concurrently with education, training, job search or readiness or barrier removal activities but cannot pay for participant hours spent in these activities might:

- Count the time that participants spend in subsidized private or public-sector employment under the *subsidized employment* category, (core activity) and then count education and training activities as either *vocational education*, (subject to time limits) or *job skills training directly related to employment*.
- If participants work at least 20 hours a week, states could report any training activities as job skills training which is a non-core work activity. Barrier removal activities could also be counted as *job search and job readiness assistance*, subject to the time limits on counting these activities.

The complexity of monitoring and documenting participants in countable work activities hinders state efforts to construct meaningful transitions to employment and advancement with concurrent employment, education, job search and barrier removal approaches and does not reflect what research and practice indicates are the most promising ways to transition individuals to work. The time limits and sequencing of core and non-core activities can create barriers to providing services that meet participant service needs. Finally, monitoring and documenting individuals in work activities is not a measure of success in preparing for, finding and keeping employment. As a result, many states face challenges and risk financial penalty to constructing seamless transitions to employment and advancement for participants – especially for individuals facing employment barriers who may

benefit from approaches like Transitional Jobs that blend subsidized employment with barrier removal, education and other supports.

The information memorandum released by HHS provides a welcome opportunity for states to test approaches that modernize work outcome measures in order to lead to more effective means of meeting TANF work goals.

RECOMMENDATIONS

The National Transitional Jobs Network recommends that states consider submitting requests to HHS that seek to implement or expand and test subsidized employment approaches, test the effectiveness of changes to the work participation requirement, test employment outcome measures, and coordinate with workforce and post-secondary systems.

1. In order to support the goals of TANF and create pathways to employment for a greater number of individuals facing barriers to employment, **the NTJN encourages states to consider submitting projects to HHS that implement or expand subsidized employment programs using TANF funds.** As stated in the information memorandum, HHS is interested in projects *“under which a state would count individuals in TANF-subsidized jobs but no longer receiving TANF assistance toward participation rates for a specified period of time in conjunction with an evaluation of the effectiveness of a subsidized jobs strategy.”* The opportunity to implement or expand such approaches allows states to meet work participation rates and engage individuals quickly in work.
2. In addition, **the NTJN encourages states to submit projects to HHS that test the effectiveness of changes to work participation activities that support improvements in preparing for, finding and retaining employment through subsidized employment and Transitional Jobs approaches.** We especially encourage states to submit projects that combine subsidized employment and Transitional Jobs programs and:
 - **Seek to eliminate the distinction between core and non-core activities allowing hours of participation in any approved work activity.** Eliminating the distinction between activities would free up states to enroll participants in work activities that met participant needs, reduce complexities and burdensome tracking and allow for states to focus on the work goals of TANF.
 - **Allow for vocational education training to count as a work activity without a time limit and allow for a greater number of months of basic skills education to count toward the work participation rate.** Low literacy and adult basic education skills present a significant barrier to employment and advancement for many individuals. Enforcing a time limit on these activities is shortsighted considering the goal of supporting participant efforts to prepare for, get and keep, and advance in employment.
 - **Allow participation in barrier removal activities to be counted as long as deemed appropriate.** Currently barrier removal activities can only count for a total of 6 weeks per year, (12 weeks per year in needy states) and for 4 consecutive weeks under the job search and job readiness work activity category. Individuals

experiencing barriers to employment may face a myriad of challenges including mental health and chemical dependency. The current structure fails to account for their potential treatment needs.

- **Separate job search and job readiness and allow for each to be counted for longer periods of time.** As indicated, job search and job readiness together may only count for a total of 6 weeks per year, (12 weeks in needy states), and for 4 consecutive weeks. Grouping these activities together fails to account for the value of each in supporting preparation for and finding employment. At a time when approximately 5.4 million Americans have been out of work for over 27 weeks, limiting job search and job readiness to 6 weeks per year for individuals that may have more substantial employment barriers doesn't make sense.
3. **The NTJN also encourages states to submit projects to HHS that test the effectiveness of an alternate approach to measuring progress toward successful employment outcomes.** The Work Participation Rate is a process measure that focuses on hours spent in work activities, not progress toward TANF work goals. We encourage states to consider projects that look at employment outcomes that take into consideration the employment barriers faced by individuals participating in the TANF program when measuring progress.
 4. Finally, **the NTJN encourages states to submit projects that improve coordination with the public workforce and post-secondary education systems.** Specifically we encourage states to consider submitting proposals that modernize the work outcome requirements in order to test linkages between subsidized employment and Transitional Jobs approaches and contextualized adult basic education, bridge programs, high-growth sector initiatives and other training activities funded through the Workforce Investment Act.

The above recommended changes are not exhaustive and we encourage states to work together and with local programs and advocates to determine proposed changes that best support transitions to employment individuals facing barriers to employment and meet TANF work goals.

The NTJN encourages states to read the entire HHS [Information Memorandum](#) prior to submitting a request.

Visit the NTJN's [website](#) for tools and resources.

Contact [Melissa Young](#) at the NTJN with questions or requests for more information.

The National Transitional Jobs Network (NTJN), a project of Heartland Alliance, is a coalition of city, state, and federal policy makers; community workforce organizations; and anti-poverty nonprofit service providers and advocacy organizations committed to advancing and strengthening Transitional Jobs (TJ) programs around the country so that people with barriers to employment can gain success in the workplace and improve their economic lives and the economic conditions of their communities. The NTJN is the singular national clearinghouse for resources, tools, and expertise for building Transitional Jobs programs, is the primary organization for gathering and disseminating best practices to improve the model nationally, and leads the national dialogue about employment and advancement strategies for the hard to employ.